Manitoba

Annual Report

The Six Month Period Ending June 30, 1989

The Public Schools Finance Board

91-01313/

Manitoba

Education

Public Schools
Finance Board

506 — 1181 Portage Avenue
Winnipeg, Manitoba, CANADA
R3G 0T3

The Honourable Len Derkach
Minister of Education and Training
168 Legislative Building
Winnipeg, Manitoba
R3C 0V8

Sir:

I have the honour to submit, herewith, pursuant to Section 13 of The Public Schools Finance Board Act, the Annual Report of The Public Schools Finance Board, for the six month period ended June 30, 1989.

Yours respectfully,

P. Mosiewich

P. Mosiewich
Chairperson

MAJOR CAPITAL CONSTRUCTION PROJECTS

Initially Approved in 1989

"Major Capital Projects approved during the six-month period of January to June, 1989, will be listed in the subsequent Annual Report for the fiscal year ending June 30, 1990."

Approved by:

The Public Schools Finance Board
Minute No. 1114, Motion No. 30
February 16, 1990

SUMMARY

SCHOOL DEBENTURES PURCHASED BY THE MINISTER OF FINANCE

JANUARY - JUNE, 1989

SCHOOL DIVISION	NO.	DATES(S)		AMOUNT	TOTAL
Winnipeg	1	February	28	$ 2,586,000	
		April	15	1,140,000	
		May	31	111,000	
		June	30	1,682,000	$ 5,519,000
St. James-Assiniboia	2	March	31	635,000	635,000
Assiniboine South	3	June	15	257,000	257,000
St. Vital	6	February	28	610,000	
		May	15	675,000	
		June	15	900,000	2,185,000
River East	9	February	15	414,000	414,000
Seven Oaks	10	February	15	752,000	
		March	31	960,000	1,712,000
Lord Selkirk	11	February	15	277,000	277,000
Transcona-Springfield	12	January	31	460,000	
		May	15	720,000	1,180,000
Agassiz	13	March	31	768,000	
		June	15	367,000	1,135,000
Seine River	14	March	31	413,000	
		June	15	199,000	612,000
Hanover	15	March	15	335,000	
		May	31	560,000	895,000
Morris-Macdonald	19	May	15	130,000	130,000
White Horse Plain	20	January	15	59,000	59,000
Evergreen	22	January	31	157,000	157,000
Portage la Prairie	24	March	15	460,000	
		June	15	216,000	676,000
Garden Valley	26	February	15	69,000	69,000
Pembina Valley	27	March	31	155,000	155,000

SCHOOL DIVISION	NO.	DATES(S)		AMOUNT	TOTAL
Beautiful Plains	31	January	31	$ 64,000	$ 64,000
Duck Mountain	34	May	31	146,000	146,000
Swan Valley	35	February	15	92,000	
		May	31	275,000	367,000
Pelly Trail	37	March	15	520,000	
		June	15	534,000	1,054,000
Birdtail River	38	May	31	124,000	124,000
Rolling River	39	January	15	242,000	242,000
Brandon	40	June	15	424,000	424,000
Fort la Bosse	41	January	15	558,000	
		March	31	580,000	
		May	31	332,000	1,470,000
Antler River	43	February	15	120,000	
		June	30	235,000	355,000
Turtle Mountain	44	January	15	225,000	225,000
Kelsey	45	May	31	145,000	145,000
Leaf Rapids	2460	June	15	90,000	90,000
TOTAL					$ 20,773,000

Summary			
	January	15	$ 1,084,000
	January	31	681,000
	February	15	1,724,000
	February	28	3,196,000
	March	15	1,315,000
	March	31	3,511,000
	April	15	1,140,000
	May	15	1,525,000
	May	31	1,693,000
	June	15	2,987,000
	June	30	1,917,000
	TOTAL		$ 20,773,000

THE PUBLIC SCHOOLS FINANCE BOARD

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B and Schedules 1 and 2, of The Public Schools Finance Board for the six month period ended June 30, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances, except with respect to the appropriateness of the costs of administering the Board included in these financial statements as described in the following paragraph.

As indicated in note 5 to the financial statements, the Board is taking appropriate steps to review its structure and mandate under the Public Schools Finance Board Act (Act). Because this review is not complete, it is impractical for the Board to estimate any adjustments which would be required to these financial statements to ensure compliance with section 9(2) of the Act with respect to costs of administering the Board. Similarly, it is impractical to estimate the effect of such adjustments on liabilities and accumulated surplus.

In our opinion, except for the effect of any adjustments which would be required to ensure compliance with section 9(2) of the Act as discussed in the preceding paragraph, these financial statements present fairly the financial position of the Board as at June 30, 1989 and the results of its operations for the six month period then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with the preceding year.

F. H. Jackson, CA
Provincial Auditor

Winnipeg, Manitoba
March 14, 1990, except as to Note 8
which is as of June 27, 1990

EXHIBIT A

THE PUBLIC SCHOOLS FINANCE BOARD

Balance Sheet
as at June 30, 1989

ASSETS	June 30, 1989	December 31, 1988
	(in thousands of dollars)	
Cash in bank	$ 310	$ 11,486
Accounts receivable:		
Government of the Province of Manitoba	17,648	13,838
Municipal corporations, education support levies	129,411	23,545
Miscellaneous	300	264
Prepaid expense	12	5
Deferred costs, Notes 2(a) and 6	207	195
	$ 147,888	$ 49,333
LIABILITIES AND SURPLUS		
Accounts payable and accrued charges:		
Education support	$ 5,799	$ 4,635
Other	5,169	1,959
Notes payable on demand, at bank prime -		
Government of the Province of Manitoba	123,772	23,491
	134,740	30,085
Accumulated surplus	13,148	19,248
	$ 147,888	$ 49,333

EXHIBIT B

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Revenue and Expenditure
and Accumulated Surplus
for the six month period ended June 30, 1989

	6 Months Ended June 30, 1989 (Note 7)	12 Months Ended December 31, 1988
	(in thousands of dollars)	
Revenue:		
Government of the Province of Manitoba, share of the Government Support to Education Program, Note 2 (e)	$ 266,291	$ 441,588
Municipal corporations, education support levy, Note 2 (d)	129,411	206,292
	395,702	647,880
Expenditure:		
Government Support to Education Program:		
Education support, Schedule 1	397,262	640,273
Administrative and other expenses, Schedule 2	4,291	7,630
	401,553	647,903
Excess of expenditure over revenue	(5,851)	(23)
Accumulated surplus:		
Balance, beginning of year	19,248	19,018
Adjustment of previous years' education support from estimated to actual, Note 2(c)	(249)	253
Balance, end of year	$ 13,148	$ 19,248

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Education Support
for the six month period ended June 30, 1989

	6 Months Ended June 30, 1989 (Note 7)	12 Months Ended December 31, 1988
	(in thousands of dollars)	
Operating:		
Block	$ 255,837	$ 332,284
Equalization	48,765	110,228
Guarantee	4,397	41,540
Special services	27,157	43,933
Transportation	16,533	27,614
Curricula materials	4,400	6,456
Bilingualism	4,010	6,318
Vocational industrial	3,050	4,932
Language development for Natives	1,805	2,772
Inner city	1,135	1,908
Compensatory	2,033	3,475
English as a second language	1,186	1,929
Small schools	1,154	1,691
Heritage language	171	274
Loss of Treaty Indian enrolment	56	-
Early identification	157	255
Interest	-	228
Capital:		
Debt servicing, Notes 2(a) and 3	20,928	42,627
Other	2,728	4,758
Buses	951	5,659
Vocational equipment	809	1,392
Total education support, Exhibit B	$ 397,262	$ 640,273

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Administrative and Other Expenses
for the six month period ended June 30, 1989

	6 Months Ended June 30, 1989 (Note 7)	12 Months Ended December 31, 1988
Board members' indemnities	$ 48,897	$ 104,384
Staff salaries, Note 5	414,809	799,105
Professional services	65,091	52,352
Travel and sundry	24,922	29,366
Printing, stationery and supplies	47,072	73,827
Equipment, Note 2(a)	75,911	706,815
Telephone	10,580	20,480
Insurance	5,443	11,500
Equipment rentals	1,753	10,346
Interest charges on loans for advances of support	3,597,104	5,822,096
Total administrative and other expenses, Exhibit B	$ 4,291,582	$ 7,630,271

THE PUBLIC SCHOOLS FINANCE BOARD

Notes to Financial Statements
June 30, 1989

1. Nature of the Board's Operations

The Public Schools Finance Board was established by The Public Schools Finance Board Act in April 1967. The objectives of the Board are to facilitate the financing of the Government Support to Education Program for school divisions and to assist boards of school divisions in the economic operation of the school system. The Board is responsible for the administration of the support provided under the Program.

2. Significant Accounting Policies

(a) The accounts of the Board are maintained on an accrual basis, except for debt servicing support which is expensed on a cash basis, and fixed asset purchases which are expensed in the year of acquisition. Recoverable costs associated with the purchase of computer software programs and their installation in the public schools are recorded as deferred costs. Recoveries are credited directly against this account. Any non-recoverable amounts are charged to operations in the year this is determined. Note 6 provides details regarding this matter.

(b) Preliminary education support requirements are determined on the basis of financial budgets of school divisions. Funding requirements not covered by the Province are raised by municipal corporations. The excess or deficiency of revenue over expenditure is reflected in the accumulated surplus account.

(c) The education support for previous years is adjusted based on final statistical reports and audited financial statements of the school divisions. The statement of revenue and expenditure and accumulated surplus, Exhibit B, reflects the adjustment.

(d) Education support levy is assessed against municipal corporations on a calendar year basis. The Board applies 60% of the levy to the January to June period. The remaining 40% of the levy, applicable to the July to December 1989 period, is not reflected in these financial statements.

(e) The Government of the Province of Manitoba share of the Government Support to Education Program is included in the Government's expenditures estimates in two fiscal years based on the Board's estimated requirements applicable to each period. The first nine months of the Board's fiscal year, being July to March, are included in one year's estimates. The last three months, being April to June, are included in the following year's estimates.

THE PUBLIC SCHOOLS FINANCE BOARD

Notes to Financial Statements
June 30, 1989

3. Debt Servicing

The capital support portion of the Government Support to Education Program includes payments made to service debenture debt of school divisions during the fiscal year. As at June 30, 1989, the approved outstanding debenture debt is $284,964,333 (December 31, 1988- $272,048,571). The Board has not, however, assumed legal liability related to the repayment of such long-term debt and, therefore, this amount is not reflected in the financial statements.

4. Commitments

As at June 30, 1989, the Board has $2,705,361 (December 31, 1988- $1,112,714) in outstanding commitments for the purchase of school buses, $2,660,863 (December 31, 1988 - $1,462,845) for vocational equipment and other capital project approvals carried forward, and $49,311 (December 31, 1988 - $122,938) for the purchase of a mini computer.

5. Cost Apportionment

The Government of the Province of Manitoba provides the Board with staff for administrative purposes. A portion of the employees' salaries is charged to the Board's operations.

In 1988, the Board initiated a review to examine its mandate and structure with particular emphasis on the legislation incorporating it. This review may result in recommendations for changes to the Act or in changes to the basis of apportionment of administrative costs, including such costs as salaries and employee benefits, office space and utilities, borne by the Board under section 9(2) of the Act. Because this review is not complete, it is impractical for the Board to estimate the full extent of any adjustments which would be required to these financial statements to ensure full compliance with the requirements of the Act to recover the costs of administering its programs. For those individuals whose salaries are charged to the Board's operations, the Board has estimated the cost for January to June, 1989 pertaining to employee benefits to be $60,150 (1988- $115,900) and for office space and utilities to be $19,400 (1988- $35,300). These amounts are not included in the financial statements.

6. Deferred Costs

During 1988 the Board authorized the purchase of a computerized School Administrator System with anticipated full recovery to be made over the next three to five years. As at June 30, 1989, the Board had spent $309,135 (December 31, 1988 - $259,951) for the System and recovered $101,785 (December 31, 1988 - $64,383) from the sale of 122 Systems (December 31, 1988 - 87 Systems).

7. Change in Year End

In accordance with Order-in-Council #573, dated May 23, 1990, the fiscal year end of the Board was fixed at June 30 in each year. Previously, the year end was December 31. Because of this change, the current figures on the statement of revenue and expenditure, statement of education support and the statement of administrative and other expenses are for a six month period rather than for a full year.

8. Issuance of Financial Statements

Education support to schools is provided in accordance with regulations under the Public Schools Act. Such regulations may be made effective retroactively. The regulation authorizing education support for the period of these statements was approved by Order-in-Council #706 dated June 27, 1990.